

THE WHITE HOUSE

WASHINGTON

November 1, 1985

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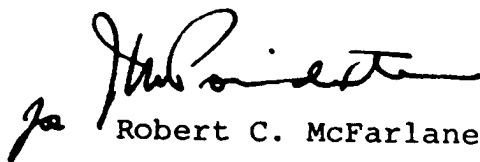
MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF COMMERCE
THE DIRECTOR OF CENTRAL INTELLIGENCE
CHAIRMAN, JOINT CHIEFS OF STAFF
DIRECTOR, FEDERAL BUREAU OF INVESTIGATION
DIRECTOR, NATIONAL SECURITY AGENCY
COMMISSIONER, IMMIGRATION AND NATURALIZATION
DIRECTOR, US ARMY INTELLIGENCE AND SECURITY COMMAND
COMMANDER, NAVAL INTELLIGENCE COMMAND
COMMANDER, US AIR FORCE OFFICE OF SPECIAL
INVESTIGATIONS
DEPUTY ASSISTANT SECRETARY OF STATE, DIPLOMATIC
SECURITY SERVICE
DIRECTOR, OFFICE OF FOREIGN MISSIONS

SUBJECT: NSDD on Counterintelligence/Countermeasures
Implementation Task Force

The President has signed the attached National Security Decision Directive calling for the establishment of a task force to implement a number of policy decisions designed to limit the hostile intelligence presence in the US and place greater controls on movements. This task force will be chaired by David G. Major, Director of Intelligence and Counterintelligence Programs, National Security Council Staff.

Each recipient should designate a representative to participate on the task force and notify Mr. Major by November 8, 1985.

FOR THE PRESIDENT:


Robert C. McFarlane

Attachment
NSDD -196

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WASHINGTON

NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 196

November 1, 1985

COUNTERINTELLIGENCE/COUNTERMEASURE IMPLEMENTATION
TASK FORCE (U)

Intelligence collection by foreign intelligence officers and agents operating in the United States presents the greatest counterintelligence (CI) threat confronting the United States. Under cover of diplomatic establishments, foreign-owned commercial entities and exchange student programs, the Soviet, Soviet Bloc, Peoples Republic of China and other criteria countries have emplaced large numbers of professional intelligence officers and other intelligence collectors (economic, scientific and technical, and military) in the United States. The numbers of foreign intelligence officers far surpass the counterintelligence assets the US Government has been able to deploy against them, and the number has been increasing over the years. This issue has been studied extensively by the Interagency Group on Counterintelligence (IG/CI) and a series of recommendations were forwarded to and endorsed by the Senior Interagency Group for Intelligence (SIG/I). These recommendations were reviewed and endorsed by the National Security Planning Group (NSPG) on August 7, 1985. I have decided it is in the national interest to implement each of these proposals. (U)

The NSPG also recommended that the US Government adopt, in principle, the use of aperiodic, non-life style, CI-type polygraph examinations for all individuals with access to US Government Sensitive Compartment Information (SCI), Communications Security Information (COMSEC) and other special access program classified information. I have decided this policy should be established. (U)

In order to facilitate the implementation of these decisions, I am directing the establishment of a task force to develop the time table, procedures and method to implement this Decision Directive. This implementation task force will be chaired by a representative of the Assistant to the President for National Security Affairs. The task force will be composed of a representative of each NSPG principal: Secretary of State, Secretary of Defense, Attorney General, Director of Central Intelligence, and Chairman, Joint Chiefs of Staff. In addition, the task force will include a representative of the Director of the Federal Bureau of Investigation and a representative from Department of State/Office of Foreign Missions (OFM). (U)

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The following agencies will provide an observer to this implementation task force since the timing and method of implementation may have an impact on one or more of them: Diplomatic Security Service (Department of State), Office of Foreign Missions (Department of State), Department of the Treasury, Department of Commerce, US Army Intelligence and Security Command, Naval Intelligence Command, US Air Force Office of Special Investigations, National Security Agency, and the Immigration and Naturalization Service. (U)

The Intelligence Community Staff Secretariat will provide necessary administrative support. (U)

The purpose of this task force will be to make recommendations on the method, timing and procedures to implement the SIG(I) options; establish implementation policy for the national polygraph program and implement other counterintelligence and countermeasures improvements which have appropriate national policy level implications. Final implementation decisions will be made by the President. (U)

The SIG(I) options to be implemented are:

Option #1: Equality in US and Soviet Bilateral Representation

Eliminate the disparity in US-USSR representation by July 1988. Accomplish this by undertaking a combination of initiatives to reduce the official Soviet presence in the US and increase the official US presence in the USSR. The Department of State will develop a plan to accomplish this objective. The NSC will review the schedule established to implement this plan and achieve equivalence. Advise the USSR that this is our policy and consider seeking agreement on the manner in which both aspects will be implemented. In the absence of agreement, implement the policy unilaterally to replace Soviet support personnel employed in the US establishments in the USSR and deny entry visas for replacement support personnel employed in Soviet establishments in the US until a balance is achieved between the number of US and Soviet personnel with diplomatic immunity.

(b)(4)

Option #2: Expulsion of Soviet Intelligence Personnel

US policy shall be to reduce the Soviet official personnel quota by the number of individuals expelled for espionage or

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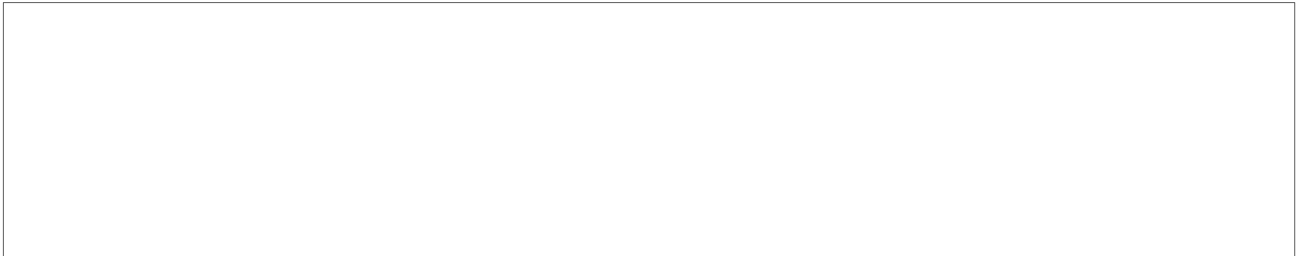
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other intelligence-related activity. The Department of State shall give the Soviets notice that the US reserves the right to reduce the personnel ceiling of the Soviet Embassy and Consulate General by the number of persons expelled for espionage or other intelligence-related activity. Decisions on whether to expel personnel and/or reduce the personnel ceiling in specific cases shall be made by the Secretary of State or his designee, after consultation with the Department of Justice, and taking into consideration all relevant foreign policy and counter-intelligence factors. Implementation procedures for this option shall be developed by the CI/CM implementation task force. (S)

Option #3: Staffing of Proposed New York and Kiev Consulate

In negotiations with the Soviets concerning reopening of their consulate in New York City in return for a US Consulate in Kiev, agreements on manning of the two consulates will be consistent with the plan developed for Option #1. (S)

Option #4: Demarche to Peoples Republic of China



(b)(4)

Option #5: Increase Funding for INS Computer System

The Department of Justice and the Office of Management and Budget are to provide increased funding in the FY 1987 budget for the Immigration and Naturalization Service (INS) to expedite installation and operation of an INS computerized system to record more effectively arrivals, departures, and locations of foreign nationals visiting the US. (S)

Option #6: UN Secretariat Travel Through the OFM Service Bureau

United Nations Secretariat employees in New York City whose national missions to the United Nations are required to use the Office of Foreign Missions travel service bureau for both official and unofficial travel within the United States shall be also required to use that service bureau for all travel to the United States. (S)

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Option #7: Require East European Officials to Arrange Travel Through the OFM Service Bureau

Require East European hostile country officials to use the OFM service bureau to book commercial transportation and public accommodations unless expressly waived in specific instances by the Secretary of State. (S)

Option #8: Close Areas of the US to East European Travel Following Espionage Activity

Place the East European allies of the Soviet Union on notice that areas of the United States now closed to travel for the Soviets may also be closed to them if any of their personnel are detected in espionage or intelligence-related activity in those areas. The decision to close an area shall be made by the Secretary of State in consultation with the Secretary of Defense, the Attorney General, and the Director of Central Intelligence. In the event the Secretary and Attorney General cannot agree, the NSC shall act as final arbiter. The closing of an area should be made on a selective basis, i.e., six months/one year, and should apply to the offending country officials only. (S)

Option #9: Close East European Commercial Offices Following Espionage Activity

Place the East European allies of the Soviet Union on notice that if a representative of their official commercial offices is detected in espionage or intelligence-related activity, that particular office may be closed. The decision to close the office shall be made by the Secretary of State, in consultation with the Attorney General. In the event the Secretary and Attorney General cannot agree, the NSC shall act as final arbiter. The Department of State shall test and/or expand legal authorities as necessary. (S)

Option #10: Controls on Foreign Corporations

Subject hostile country-owned/controlled corporations to the same controls and restrictions that the Office of Foreign Missions applies to the missions of foreign governments, to the extent authorized by the Foreign Missions Act. The Department of Justice and the FBI will study the activities of corporations individually and develop an implementation plan with immediate attention to be given those corporations presenting the greatest counterintelligence threat. The Department of Justice shall complete its study plan by December 31, 1985. (S)

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Option #11: Diplomatic Property Rights and Consolidated
Offices

All legal means, including OFM authorities, other Federal, state, and local laws, as well as legislative initiatives, shall be employed to achieve the objective of controlling future hostile foreign government lease or ownership of real property within the US. The OFM shall work toward physical consolidation of the offices of Soviet as well as Soviet Bloc countries whenever feasible and legal. (S)

Option #12: Increase Denials of Soviet Military Attache Travel

Refuse travel requests by Soviet military attaches if their trips exceed those made by U.S. military attaches in the Soviet Union to enforce strict reciprocity. (S)

The task force should submit an initial report on the implementation of this NSDD no later than February 1, 1986. (U)

Ronald Reagan

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